



First quarter 2008 results

22 May 2008

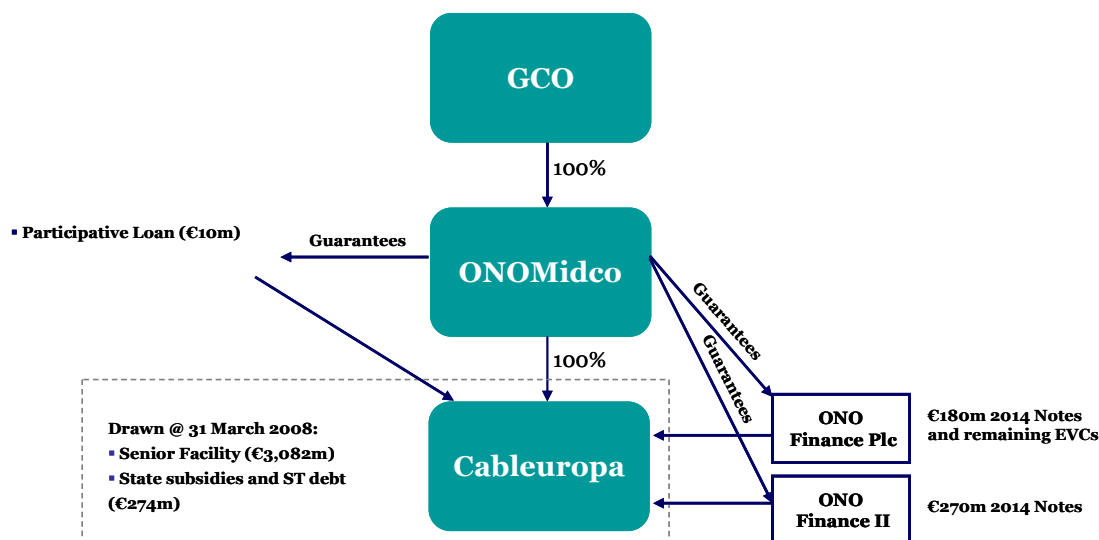


Grupo Corporativo ONO, S.A.
Investor Relations

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1. GROUP AND REPORTING STRUCTURE



We are reporting the quarter ended 31 March 2008 consolidated results of Grupo Corporativo ONO, S.A. ("GCO") and its subsidiaries.

The financial information contained in this document has been prepared under Spanish GAAP. This financial information is unaudited and, therefore, is subject to potential future modifications.

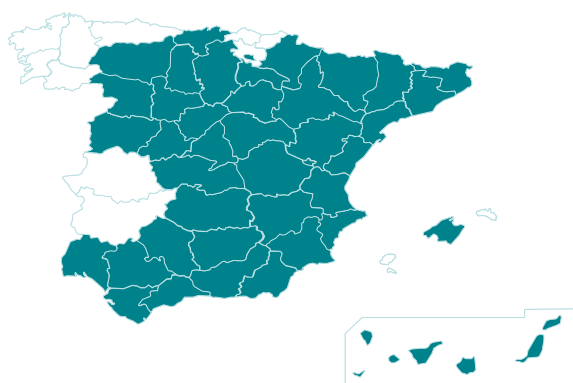
Additionally, on 16 November 2007 the Spanish Government issued a new Spanish GAAP Royal Decree. The new standards take effect from January 1, 2008. We are currently assessing the impact of these new accounting standards on our records and will report under these new standards in due course.

Certain numerical figures included in this document have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

2. OVERVIEW OF GRUPO CORPORATIVO ONO

ONO is the leading alternative provider of telecommunications, broadband Internet and pay television services in Spain and the only cable operator with national coverage. ONO offers its direct access services to 1.9 million residential cable and 69,000 SMEs customers as of 31 March 2008, through its own state of the art networks which give direct access to 6.9 million homes in franchises which cover the majority of Spain, including the nine largest cities. ONO is the principal competitor to the incumbent telecommunications and pay television operators in Spain. On an annualised basis for the quarter ended 31 March 2008, ONO generated revenues of €1,602 million and EBITDA of €655 million.

Cable franchises



	<i>in thousands</i>
Homes in Spain (*)	17,594
Homes in ONO franchises (*)	14,773
<i>Coverage</i>	<i>84%</i>
Cable homes released to marketing	6,850
<i>Coverage</i>	<i>46%</i>
Residential cable customers	1,878
<i>Cable penetration</i>	<i>27%</i>
SMEs customers	69

(*) Source: INE

Table 1: Capitalisation

As of 31 March 2008	Grupo Corporativo ONO			Cableuropa		
	€m	% of debt	Debt/ EBITDA LQA	€m	% of debt	Debt/ EBITDA LQA
Short-term debt	192	5.0%	0.29x	181	4.8%	0.27x
Senior facility	3,082	80.8%	4.71x	3,082	81.6%	4.66x
Participative loan	10	0.3%	0.02x	10	0.3%	0.02x
Senior subordinated notes	450	11.8%	0.69x	450	11.9%	0.68x
State subsidies & other	82	2.2%	0.13x	56	1.5%	0.09x
Long-term debt	3,624	95.0%	5.53x	3,598	95.2%	5.44x
Total debt	3,816		5.82x	3,779		5.71x
Cash and cash equivalents	2			2		
Total net debt	3,815		5.82x	3,778		5.71x
EBITDA LQA	655			661		

Note: To avoid any double counting, the caption Senior Facility excludes bank guarantees drawn under Tranche S to counter-guarantee debt reported under the caption "State subsidies & other" and "Short-term debt".

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2.1 Financial Highlights

Table 2: Financial highlights

<i>Data in €million</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Revenues	400	402	(0.4%)
Gross profit	301	285	5.5%
Gross margin	75.1%	70.9%	4.2 pp
EBITDA	164	148	10.6%
EBITDA margin	40.9%	36.8%	4.1 pp
Total Net debt	3,815	3,402	12.1%
Capex	(98)	(119)	(17.6%)
Operating FCF	66	29	125.1%
Net result	8	(13)	na

Table 3: Revenue split

<i>Data in €million</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Continuing businesses	318	307	3.6%
Residential direct access	300	287	4.7%
SMEs	18	20	(11.8%)
Partial continuing businesses	76	85	(10.5%)
Business services	43	39	9.6%
Wholesale and operators	33	46	(27.7%)
Discontinuing businesses	6	10	(37.4%)
Indirect access	6	10	(37.4%)
Total revenues	400	402	(0.4%)

2.2 Key financial events

- Rating agencies revised Cableuropa credit rating

On 21 February 2008, Standard & Poor's affirmed Cableuropa's "B" long-term corporate credit rating with positive outlook on the group and its "CCC+" long-term debt rating on the senior unsecured notes issued by ONO Finance and ONO Finance II and guaranteed by Cableuropa and ONOMidco.

Table 4: Credit Ratings

	Last report date	Corporate	Bond debt	Bank debt	Outlook
Standard & Poor's	21 February 2008	B	CCC+	NR	Positive
Moody's	22 June 2007	B1	B3	NR	Stable
Fitch	19 June 2007	B+	B-	BB	Stable

- Hedging

In addition to our existing hedge agreements amounting to €2,065 million and covering our exposure up to July 2010, in December 2007 we hedged an additional €500 million to lock-up interest rate risk to January 2011. As at 31 March 2008, €2,565 million, or 83%, of our total debt on variable interest rates was hedged.

Moreover, in January 2008 we executed a basis swap on €2,382 million up to January 2009.

- Renewal of Short Term Credit Lines ("STCL")

As at 31 March 2008, we had €175 million committed short-term credit lines of which €167 million were drawn. These are typically short-term bilateral facilities maturing within 12-months. In the first quarter of 2008, we renewed €122 million of these lines as they became due. The remaining lines are due to be renewed later in the year.

2.3 Operating Highlights

Table 5: Operating highlights

<i>Data in thousand, except if otherwise stated</i>	Quarter ended 31-Mar-08	Quarter ended 31-Mar-07	% change
Customers:			
Cable	1,878	1,815	3.5%
Other direct access	66	73	(9.0%)
Residential direct access	1,944	1,888	3.0%
Indirect access	91	164	(44.7%)
SMEs	69	69	1.0%
Other data – Cable:			
Homes released to marketing	6,850	6,436	6.4%
Penetration	27.4%	28.2%	(0.8 pp)
ARPU (€)	52.0	51.4	1.2%
RGUs	3,868	3,612	7.1%
RGUs per customer	2.06	1.99	3.5%
Churn	19.3%	22.2%	(2.9 pp)
Residential cable customers:			
Telephony	1,616	1,581	2.2%
<i>As % of customers</i>	<i>86.1%</i>	<i>87.1%</i>	<i>(1.0 pp)</i>
Internet	1,241	1,120	10.8%
<i>As % of customers</i>	<i>66.1%</i>	<i>61.7%</i>	<i>4.4 pp</i>
Television	1,011	911	11.0%
<i>As % of customers</i>	<i>53.8%</i>	<i>50.2%</i>	<i>3.6 pp</i>
Residential cable penetration (RGU):			
Telephony	23.6%	24.6%	(1.0 pp)
Internet	18.1%	17.4%	0.7 pp
Television	14.8%	14.2%	0.6 pp

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2.4 Key operating events

- **ONO strengthens its pay TV offer with new channels**

ONO strengthened its pay TV offer with the introduction of new channels in its programming line-up from January 2008. ONO enlarged its offer with channels for children such as "Baby TV"; entertainment channels such as "Canal Telenovelas"; documentary channels such as "Biography Channel"; and our own music channel "Pacha TV".

- **Pay television audiences leadership**

According to TNS Sofres, a company measuring television audiences and consumption data in Spain, ONO achieved a total television market share of 7.34% in April 2008, the leading audience share among pay-TV operators.

- **ONO surpasses the milestone of one million television customers**

In March 2008, ONO surpassed the milestone of one million television customers, strengthening its leadership as the most watched pay TV platform in Spain.

- **ONO increases Internet speed from 4 to 6 Mbit/s for Madrid, Catalunya and Aragón customers**

In April 2008, with the aim to keep ONO at the forefront of the market, we increased Internet speeds from 4 to 6 Mbit/s for existing customers in Madrid, Catalunya and Aragón; a 50% increase of broadband access capacity for free. The increase will be completed for the whole ONO customer base during the second quarter.

3. GRUPO CORPORATIVO ONO

3.1 Condensed Consolidated Financial Statements

Table 6: Condensed Consolidated Balance Sheet

<i>Data in €million</i>	Note	31-Mar-08	31-Dec-07
ASSETS			
Current assets			
Cash		2	4
Short-term investments, net	3.4.1	11	15
Accounts receivable & other	3.4.2	225	209
Total current assets		237	228
Fixed assets			
Start-up costs, net	3.4.3	29	28
Intangible assets, net	3.4.4	131	135
Tangible assets, net	3.4.5	4,530	4,518
Financial assets, net	3.4.6	1,341	1,344
Total fixed assets		6,031	6,025
Deferred expenses, net		26	26
Uncalled share capital		31	31
TOTAL ASSETS		6,325	6,310
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short term debt	3.4.8	192	187
Accrued interest expenses		35	79
Accounts payable and other	3.4.7	927	884
Total current liabilities		1,155	1,149
Long term debt			
Senior facility	3.4.8	3,082	2,925
Subordinated facilities	3.4.8	10	10
Senior subordinated notes	3.4.8	450	450
Other	3.4.8	82	79
Total long term debt		3,624	3,464
Other long term liabilities	3.4.9	34	177
Deferred income		116	116
Commitments and contingencies		295	310
Minority interests		3	3
Shareholders' equity			
Common stock	3.4.10	1,672	1,672
Share Premium	3.4.10	368	368
Accumulated deficit	3.4.10	(949)	(750)
Net profit/(loss) for the period	3.4.10	8	(198)
Total shareholders' equity		1,100	1,092
TOTAL LIABILITIES AND SHRS' EQUITY		6,325	6,310

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Table 7: Condensed Consolidated Statements of Operations

Data in €million	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Revenues	400	402	(0.4%)
Cost of services	(100)	(117)	(14.8%)
Opex	(137)	(137)	0.0%
EBITDA	164	148	10.6%
Deprec. and amortis.	(92)	(105)	(12.5%)
EBIT/Oper. profit	72	43	67.3%
Net financial expense	(60)	(52)	15.4%
Net extraordinary income/(expense)	1	0	na
EBT	12	(9)	na
Income tax	(4)	(4)	2.9%
Profit/(loss) before minority interests	8	(13)	na
Minority interests	(0)	0	na
Net result	8	(13)	na

EBITDA increased in the first quarter of 2008 by €16 million, or 10.6%, compared to the first quarter of 2007 mainly due to the decrease of direct costs by €17 million, or 14.8%, mainly as consequence of the change in revenue mix, increasing the weight of direct access revenues which contribute higher margin and decreasing the weight of wholesale and operators and other revenues which contribute lower margins. The EBITDA margin increased to 40.9% in the first quarter of 2008 from 36.8% in the same quarter of the previous year.

Table 8: Condensed Consolidated Cash Flow

Data in €million	Quarter ended		
	31-Mar-08	31-Mar-07	% change
EBITDA	164	148	10.6%
Capex	(98)	(119)	(17.6%)
OPERATING FCF	66	29	125.1%
Change in working capital	(41)	(93)	(56.1%)
Other ⁽¹⁾	(21)	(23)	(5.8%)
FCF (pre-interest)	4	(87)	(104.1%)
Paid interest, net	(100)	(7)	na
FCF	(96)	(93)	2.8%
Senior facility	157	81	94.3%
State subsidies	4	(2)	na
Short term debt	4	16	(75.5%)
Short term investments	-	0	na
Other financing items	0	(1)	(130.8%)
Deferred Auna acquisition payment	(71)	-	na
FINANCING	94	94	(0.7%)
NET CASH VARIATION	(2)	1	na
Cash Beginning of Period	4	7	(42.5%)
Cash End of Period	2	8	(80.2%)

⁽¹⁾ Includes integration costs, commitments & contingencies, refinancing costs and other one-off items.

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3.2 Key factors affecting our business

3.2.1. Customers

Table 9: Customer split

Data in thousand, except if otherwise stated

	<u>31-Mar-08</u>	<u>31-Mar-07</u>	<u>% change</u>
Customers			
Cable	1,878	1,815	3.5%
Other direct access	66	73	(9.0%)
Residential direct access	1,944	1,888	3.0%
Indirect access	91	164	(44.7%)
SMEs	69	69	1.0%
Residential Cable ARPU (€)	52.0	51.4	1.2%

Our residential direct access customer base increased by 3.0% in the last twelve months, reaching 1,944,000 as of 31 March 2008. This growth is driven by a residential cable customers increase due to the continued effort in acquiring new customers through our continuous development of new competitive offers.

SMEs customers remained stable at 69,000 customers in the last twelve months.

Indirect access customers decreased by 44.7% from March 2007 to March 2008, as expected, due to our focus on increasing the weight of our higher margin direct access business.

ARPU for residential cable services in ONO was €52.0 in the first quarter of 2008 compared to €51.4 in the same quarter of the previous year as a consequence of the pricing homogenisation across our customer base, the increased television PPV consumption and the increase of the proportion of customers taking bundled services from us.

3.3 First quarter 2008 results of operations

3.3.1. Revenues

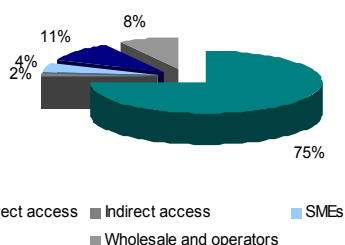
ONO's revenues are derived from individual service offerings or a combination of telephony, Internet and pay television services provided to residential direct access customers, indirect access customers, SMEs, business services (which comprise voice and data services and other value added services provided to large corporations and public entities) and wholesale and operators (which principally comprise carrier services, voice traffic services, leased and dedicated lines and ISP solutions, provided to other telecommunications operators and from the provision of intelligent network services) and other services (which principally comprise revenues obtained from third parties by our 100% affiliate Teuve and from personal communication services).

The following table sets forth a detail of ONO's revenues and the percentage change from period to period for each of the periods indicated.

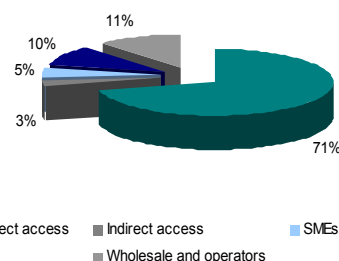
Table 10: Revenue split

	Quarter ended		
	31-Mar-08	31-Mar-07	% change
<i>Data in €million</i>			
Continuing businesses	318	307	3.6%
Residential direct access	300	287	4.7%
SMEs	18	20	(11.8%)
Partial continuing businesses	76	85	(10.5%)
Business services	43	39	9.6%
Wholesale and operators	33	46	(27.7%)
Discontinuing businesses	6	10	(37.4%)
Indirect access	6	10	(37.4%)
Total revenues	400	402	(0.4%)

Quarter ended 31-Mar-08



Quarter ended 31-Mar-07



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Revenues decreased in Q1 2008 by 0.4% to €400 million from €402 million in the same quarter of the previous year. This revenue decrease is mainly due to a 37.4% reduction in discontinuing businesses (residential indirect access) revenues, reflecting our focus on direct access business, and to a 10.5% reduction in partial continuing businesses revenues mainly as a consequence of Orange's circuit migration to its own networks. Continuing businesses, our main revenue source, grew by 3.6% contributing 79% to overall revenues in Q1 2008 as compared to 76% in Q1 2007.

3.3.1.1 Continuing businesses

a) Residential direct access

- Cable

Cable services provide us with revenues from monthly fees and initial connection charges from residential bundled and individual services, usage charges from residential telephony services; set top box rental charges; and variable fees for pay-per-view services from cable television services. The following table set forth information on residential cable services, and the percentage change from period to period:

Table 11: Residential cable services

	Quarter ended		
	31-Mar-08	31-Mar-07	% change
<i>Data in thousand, except if otherwise stated</i>			
Resid. Cable Services			
HRTM	6,850	6,436	6.4%
Customers	1,878	1,815	3.5%
Penetration	27.4%	28.2%	(0.8 pp)
Churn	19.3%	22.2%	(2.9 pp)
ARPU (€)	52.0	51.4	1.2%
RGUs	3,868	3,612	7.1%
RGUs per customer (x)	2.06	1.99	3.5%

Total cable customers increased during the last year by 63,000 or 3.5% to 1,878,000. Our penetration ratio decreased slightly at 27.4% as of 31 March 2008 due to the continued deployment of our network. We added 19,000 customers in the first quarter of 2008. Our focus on bundled services and the introduction of our television "Esencial" lead the RGUs per customer ratio to 2.06 as at 31 March 2008, from 1.99 as at 31 March 2007.

Churn decreased in the first quarter of 2008 to 19.3%, from 22.2% in the first quarter of 2007. An increased focus on improving the quality of our service as well as retention actions launched in January and proactive loyalty actions launched in February are initiatives implemented in order to improve our churn levels. Nevertheless, the aggressiveness of the market and the effect of the integration projects carried out in the second half of 2007 are still affecting our churn rates.

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- **Telephony**

The following table sets forth certain information with respect to ONO's telephony services and the percentage change from period to period:

Table 12: Telephony services

	Quarter ended		
	31-Mar-08	31-Mar-07	% change
<i>Data in thousand, except if otherwise stated</i>			
Telephony customers	1,616	1,581	2.2%
Proportion of total customers (%)	86.1%	87.1%	(1.0 pp)
Penetration (%)	23.6%	24.6%	(1.0 pp)

Telephony customers increased by 35,000 or 2.2% between the first quarter of 2008 and the same quarter of the previous year to reach 1,616,000 as of 31 March 2008. In the first quarter of 2008, we added 11,000 net new telephony customers. Telephony continues to account for the largest portion of our RGUs, with 86.1% of our customers subscribing to this service.

- **Internet**

The following table sets forth certain information with respect to ONO's Internet services and the percentage change from period to period:

Table 13: Internet services

	Quarter ended		
	31-Mar-08	31-Mar-07	% change
<i>Data in thousand, except if otherwise stated</i>			
Internet customers	1,241	1,120	10.8%
Proportion of total customers (%)	66.1%	61.7%	4.4 pp
Penetration (%)	18.1%	17.4%	0.7 pp

Internet customers increased by 121,000 or 10.8% between the first quarter of 2008 and the same quarter of the previous year to reach 1,241,000 as of 31 March 2008. This growth surpasses our total customer adds by 58,000, showing the success of the launch, in August, of the increased broadband speeds (6, 12 and 25 Mbps), the launch, in December, of low entry internet access services and the cross-selling and upselling campaigns carried out during the last twelve months. We added a total of 38,000 net new broadband customers during the first quarter of 2008. Internet customers as a proportion of total customers increased by 4.4 pp to 66.1% at the end of the first quarter of 2008 from 61.7% in the first quarter of 2007. Our residential Internet penetration increased to 18.1% in the first quarter of 2008 from 17.4% in the same quarter of the previous year.

- **Television**

The following table sets forth certain information with respect to ONO's television services and the percentage change from period to period:

Table 14: Television services

<i>Data in thousand, except if otherwise stated</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Television customers	1,011	911	11.0%
Proportion of total customers (%)	53.8%	50.2%	3.6 pp
Penetration (%)	14.8%	14.2%	0.6 pp

Cable television customers increased by 100,000 or 11.0% in the last twelve months to reach 1,011,000 as of 31 March 2008, mainly due to the launch of new television packages in the third quarter of 2007, including a low entry option, "TV Esencial". We added a total of 51,000 net new television customers in the first quarter of 2008.

Cable television customers as a proportion of total customers increased by 3.6 pp in the last twelve months to 53.8% as of 31 March 2008 and penetration of cable television services over homes released to marketing increased in the last twelve months by 0.6 pp to 14.8%, representing an inflection point in the trend experienced by this RGU in the last years.

At the end of the first quarter of 2008, 91% of our total television customer base enjoyed our digital offering.

- **Other direct access**

Other direct access services include services offered through full unbundling of Telefónica's local loop. These services provide us with revenues from monthly fees from telephony and broadband Internet services and usage charges from telephony services. Our ULL customers decreased by 9.0% in the first quarter of 2008 compared to the first quarter of 2007, as consequence of the closing of 24 switches which overlapped with our cable networks in September 2007. We consider our ULL operations, mainly focused in Madrid and Barcelona, as a complement to our core cable business.

Table 15: Other direct access services

<i>Data in thousand, except if otherwise stated</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Customers	66	73	(9.0%)
RGUs	108	113	(4.8%)
RGUs per customer (#)	1.62	1.55	4.6%

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b) SMEs services

Revenues from SMEs services are derived from fees paid by small and medium sized enterprises, for voice and data services, offered individually or as a bundle. We offer SMEs services over cable and over ULL.

The following table sets forth revenues and customers from SMEs services, and the percentage change from period to period:

Table 16: SMEs services

<i>Oper. data in thousand Fin. data in €million</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Customers	69	69	1.0%
Revenues	18	20	(11.8%)

ONO's SMEs customers remained stable at 69,000 customers in the first quarter of 2008. Despite this SMEs customer stability, SMEs revenues decreased by 11.8% to €18 million in the first quarter of 2008 from €20 million in the same quarter of the previous year due to our strategic re-focus on good quality revenues. We are currently reengineering our approach to the SMEs segment.

3.3.1.2 Partial continuing businesses

a) Business services

Revenues from business services are derived from customised solutions designed to satisfy the communications needs (voice, internet, data solutions and equipment) of large corporate groups, institutions and central and autonomous Government Agencies, through an integrated range of tailored services.

The following table sets forth revenues from business services, and the percentage change from period to period:

Table 17: Business services

<i>Fin. data in €million</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Revenues	43	39	9.6%

Business revenues increased by 9.6% to €43 million in the first quarter of 2008, from €39 million in the same quarter of the previous year, in line with our expectations.

b) Wholesale and Operators

Revenues from wholesale and operators are derived from carrier services, voice traffic services, leased and dedicated lines and ISP solutions, provided to other telecommunications operators and from the provision of intelligent network services, as well as other revenues.

Table 18: Wholesale and Operators services

<i>Fin. data in €million</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Revenues	33	46	(27.7%)

Revenues from wholesale and operators decreased by 27.7%, from €46 million for the first quarter of 2007 to €33 million for the first quarter of 2008. This reduction is mainly due to the migration by Orange of circuits away from ONO to its own networks. This loss of revenue is in line with our expectations and will continue.

In addition, there are a number of contracts within this business division which are not considered strategic as they produce low margin revenues. We anticipate further reductions in revenues as a result of our focus on margin.

This caption also includes revenues from other services such as revenues obtained from third parties by our 100% affiliate Teuve (television content aggregator) and from personal communication services. Revenues from other services increased from €3 million for the first quarter of 2007 to €9 million for the first quarter of 2008 mainly due to the collection of €4 million of extraordinary and non recurrent revenues.

3.3.2. Cost of Services and Gross Profit

The following table sets forth ONO's gross profit and the percentage change for the periods indicated:

Table 19: Cost of services and gross profit

<i>Data in €million</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Total revenues	400	402	(0.4%)
Cost of services	(100)	(117)	(14.8%)
Gross Profit	301	285	5.5%
Gross Margin	75.1%	70.9%	4.2 pp

Cost of services principally consist of interconnection and backbone network costs for telecommunication services, internet connectivity costs, circuit rental expenses and programming costs for cable television services.

Interconnection costs for telephony services are generated by calls made by our customers that terminate outside our network. Internet connectivity costs mainly consist of fees for the bandwidth used for our internet transit outside of Spain. Cable television programming fees consist primarily of fees paid to television content owners to distribute their cable television content and fees paid to distribute movies and football on a pay-per-view basis.

Our cost of services decreased by €17 million from 31 March 2007 to 31 March 2008. As a percentage of total revenues, our cost of services decreased to 24.9% for the three months ended 31 March 2008 from 29.1% for the three months ended 31 March 2007 and gross margin increased by 4.2 pp to 75.1% in the first quarter of 2008. This reduction in direct costs is related to our focus on higher margin revenue streams and to the change in revenue mix, increasing the weight of direct access revenues which contribute higher margin and decreasing the weight of wholesale and operators and other revenues which contribute lower margins.

3.3.3. Operating Expenses

The following table sets forth ONO's operating expenses and the percentage change from period to period for each of the periods indicated:

Table 20: Operating expenses

<i>Data in €million</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Gross Opex	(158)	(156)	0.9%
Capitalised Costs	21	19	7.0%
Net Opex	(137)	(137)	0.0%
<i>as % of revenues</i>	34.2%	34.1%	0.1 pp

Gross operating expenses consist principally of expenses related to wages and salaries and other operating expenses, including professional services, marketing and selling expenses, network operation and maintenance, information systems, administrative overhead and billing costs. Capitalised costs relate to, *inter alia*, direct labour costs associated with the development and construction of our network.

Net opex remained stable at €137 million in the first quarter of 2008 compared to the first quarter of 2007. Net Opex as % of revenues increased slightly by 0.1 pp from 34.1% in the first quarter of 2007 to 34.2% in the first quarter of 2008 mainly due to the increasing size of our operations.

3.3.4. Depreciation and Amortisation

The following table sets forth our depreciation and amortisation and the percentage change for each of the periods indicated:

Table 21: Depreciation and amortisation

<i>Data in €million</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
D&A	(92)	(105)	(12.5%)

Depreciation and amortisation is related to the depreciation of our network, customer premise equipment and installation costs incurred in connection with the addition of new subscribers, and to the amortisation of intangible assets and start-up costs. The reduction year on year is due to the accelerated amortisation of goodwill during the year 2007.

3.3.5. Net Financial Expense

The following table sets forth ONO's net financial expense and the percentage change for each of the periods indicated:

Table 22: Net financial expense

<i>Data in €million</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Net fin. expenses	(60)	(52)	15.4%

Our net financial expense is mainly comprised of interest expense from our financing agreements. Net financial expense increased by 15.4% in the first quarter of 2008 compared to the same quarter of the previous year due to our continued drawings under the €3,600 million Senior Facility during the first quarter of the year and the increased volume of debt as compared to the first quarter of 2007, coupled with an increase in Euribor.

3.3.6. Other Income and Expense

The following table sets forth ONO's other income and expenses and the percentage change from period to period for each of the periods indicated:

Table 23: Other income and expense

<i>Data in €million</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Net extraordin. income/(expense)	1	-	na
Income tax	(4)	(4)	2.9%

3.4 Notes to the Condensed Consolidated Balance Sheet

3.4.1. Short term investments

Table 24: Short term investments, net

<i>Data in €million</i>	31-Mar-08	31-Dec-07	% change
Investment in non consolidated companies	2	2	-
Fixed interest securities	1	0	91.0%
Other short term investments	10	14	(28.2%)
Provisions	(2)	(2)	-
Short term investments, net	11	15	(25.8%)

3.4.2. Accounts receivable

Table 25: Accounts receivable, net

<i>Data in €million</i>	31-Mar-08	31-Dec-07	% change
Accounts receivable and other debtors	180	175	2.6%
Tax receivables	10	1	871.4%
Other	36	33	7.8%
Accounts receivable, net	225	209	7.6%

3.4.3. Start-up costs

Table 26: Start-up costs

<i>Data in €million</i>	31-Dec-07	Additions	Transfers	Amortisation	31-Mar-08
Start-up costs, net	18	3	1	(1)	21
Stock issuance costs, net	9	-	-	(1)	8
Start-up costs, net	28	3	1	(2)	29

3.4.4. Intangible assets

Table 27: Intangible assets, net

<i>Data in €million</i>	31-Dec-07	Additions	Disposals & write-offs	Transfers	31-Mar-08
Licensed assets	62	1	-	-	63
Franchise acquisition costs	13	-	-	-	13
Computer software	128	2	-	-	130
Finance leases	42	-	-	-	42
Other intangible fixed assets	3	-	-	-	3
Total cost	246	3	-	-	249
Accumulated amortisation	(111)	(7)	-	-	(118)
Intangible assets, net	135	(4)	-	-	131

3.4.5. Tangible assets

Table 28: Tangible assets, net

<i>Data in €million</i>	31-Dec-07	Additions	Disposals & write-offs	Transfers	31-Mar-08
Land and natural assets	17	-	-	-	17
Network and technical equipment	6,102	41	-	53	6,196
Computer hardware	188	0	-	1	189
Other tangible fixed assets	76	0	-	-	76
Total operating tangible fixed assets	6,382	41	-	54	6,477
Payments on account and assets in course of construction	97	53	(0)	(54)	95
Total cost	6,478	94	(0)	(0)	6,572
Accumulated amortisation	(1,885)	(83)	-	-	(1,968)
Provisions	(75)	-	0	-	(75)
Tangible assets, net	4,518	12	-	(0)	4,530

3.4.6. Financial assets

Table 29: Financial assets

<i>Data in €million</i>	31-Mar-08	31-Dec-07	% change
Tax credit and deferred tax	1,266	1,270	(0.3%)
Other financial assets (*)	86	86	0.4%
Shareholdings in unconsolidated companies	4	4	-
Provisions	(15)	(15)	-
Financial assets	1,341	1,344	(0.3%)

(*) This caption includes the EVCs bought by GCO. Currently GCO owns approximately 84% of the total EVCs issued by ONO Finance in 1999 and 2001. This liability sits in the "Other long term liabilities" (see 3.4.9 below) item of Cableuropa's balance sheet. The value of the EVCs is based on the price paid in the purchases made by GCO.

3.4.7. Accounts payable

Table 30: Accounts payable

Data in €million

	31-Mar-08	31-Dec-07	% change
Commercial suppliers	392	399	(1.7%)
Taxes payable	14	11	26.0%
Fixed asset suppliers	301	327	(7.9%)
Other (*)	221	147	49.8%
Accounts payable	927	884	4.9%

(*) In 2007 includes €71m corresponding to the short term portion of the Auna Deferred Payment of €214m (see note 3.4.9 below) paid in January 2008 and in 2008 includes the €143m to be paid in January 2009.

3.4.8. Debt and liquidity

Table 31: Debt and liquidity

As of 31 March 2008

Data in €million

Type of debt	Maximum available	Short term debt	Long term debt	Total debt	Availability
Debt with credit entities:					
Senior facility	3,500	-	3,082	3,082	418
Participative loan	10	-	10	10	-
Other credit facilities	255	176	33	209	46
Total debt with credit entities	3,765	176	3,125	3,301	464
Other debt:					
Senior subordinated notes	450	-	450	450	-
State subsidies and other	65	16	49	65	-
Total other debt	515	16	499	515	-
Total debt	4,280	192	3,624	3,816	464
Cash and cash equivalents				2	
Total net debt				3,815	
EBITDA LQA				655	
Total net debt/EBITDA				5.82x	

Note: To avoid any double counting, the caption Senior Facility excludes bank guarantees drawn under Tranche 5 to counter-guarantee debt reported under the caption "State subsidies and other".

Table 32: Debt by maturity

As of 31 March 2008 Data in €million	Maturity						Total
	2008	2009	2010	2011	2012	Thereafter	
Type of debt							
Debt with credit entities:							
Senior facility	-	33	380	545	893	1,232	3,082
Participative loan	-	-	-	-	-	10	10
Other credit facilities	53	125	28	1	1	1	209
Total debt with credit entities	53	158	407	546	893	1,253	3,311
Other debt:							
Senior subordinated notes	-	-	-	-	-	450	450
State subsidies and other	16	15	13	10	8	3	65
Total other debt	16	15	13	10	8	453	515
Total debt	69	173	420	557	902	1,706	3,816

For further details on our main financing arrangements, please see our Investor Relations website.

3.4.9. Other long term liabilities

Table 33: Other long term liabilities

Data in €million	31-Mar-08	31-Dec-07	% change
Deferred Auna Acquisition payment (*)	-	143	na
EVCs and other (**)	33	33	-
Other	1	1	(20.1%)
Other long term liabilities	34	177	(81.0%)

(*) See 3.4.7 above

(**) See 3.4.6 above

3.4.10. Shareholders' equity

Table 34: Shareholders' equity

<i>Data in €million</i>	Common stock	Share premium	Accumulated deficit	Net loss	Total
31 December 2007	1,672	368	(750)	(198)	1,092
Previous year result distribution	-	-	(198)	198	-
Net result for the three-months period	-	-	-	8	8
31 March 2008	1,672	368	(949)	8	1,100

3.5 Notes to the Condensed Consolidated Cash Flow

3.5.1. Capex

Our capital expenditure ("Capex") is principally related to network build-out, set-top box purchases, installations, network upgrades, computer hardware and software and investments necessary for the integration of Auna.

Table 35: Capital expenditure

<i>Data in €million</i>	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Capex	(98)	(119)	(17.6%)

Capital expenditure decreased by 17.6% to €98 million in the first quarter of 2008 from €119 million in the first quarter of 2007 due to the lower level of investment in network deployment. Capital expenditure for the first quarter of 2008 includes €3 million of intangible assets and €94 million of tangible assets.

3.5.2. Working Capital variation

The change in working capital includes the variation of the captions "accounts payable and other" and "accounts receivable and other". The negative trend of this caption in the quarter relates to the decrease in accounts payable as a consequence of the decreased Capital expenditures as compared with the last quarter of 2007 (€98m in Q1 2008 vs €151m in Q4 2007). The Working Capital variation excludes the effect of the classification to short term and payment of the deferred Auna acquisition payment.

4. ONOMIDCO

4.1 Condensed Consolidated Financial Statements

Table 36: Condensed Consolidated Balance Sheet (ONOMidco)

<i>Data in €million</i>	<u>31-Mar-08</u>	<u>31-Dec-07</u>
ASSETS		
Current assets		
Cash	2	4
Short-term investments, net	14	14
Accounts receivable and other	238	220
Total current assets	254	238
Fixed assets		
Start-up costs, net	22	20
Intangible assets, net	131	135
Tangible assets, net	4,530	4,518
Financial assets, net	1,279	1,283
Total fixed assets	5,962	5,956
Deferred expenses, net	42	43
TOTAL ASSETS	6,258	6,237
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short term debt	181	173
Accrued interest expenses	35	78
Accounts payable and other	960	915
Total current liabilities	1,176	1,166
Long term debt		
Senior facility	3,082	2,925
Subordinated facilities	10	10
Senior subordinated notes	450	450
Other	56	53
Total long term debt	3,598	3,438
Other long term liabilities	34	177
Deferred income	116	116
Commitments and contingencies	294	310
Minority interests	6	6
Participative loan	955	955
Shareholder's equity		
Common stock	263	263
Share premium	24	24
Accumulated deficit	(217)	(11)
Net profit/(loss) for the period	9	(206)
Total shareholder's equity	79	70
TOTAL LIABILITIES AND SHR'S EQUITY	6,258	6,237

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Table 37: Condensed Consolidated Statement of Operations (ONOMidco)

Data in €million	Quarter ended		
	31-Mar-08	31-Mar-07	% change
Revenues	400	402	(0.4%)
Cost of services	(100)	(117)	(14.8%)
Opex	(135)	(135)	0.7%
EBITDA	165	150	9.9%
Deprec. and amortiz.	(91)	(104)	(12.5%)
EBIT/Oper. profit	74	46	60.6%
Net financial expense	(61)	(53)	15.8%
Net extraordinary income/(expense)	1	0	na
EBT	13	(7)	na
Income tax credit	(4)	(4)	13.1%
Profit/(loss) before minority interests	9	(10)	na
Minority interests	(0)	(0)	106.0%
Net result	9	(11)	na

Table 38: Condensed Consolidated Cash Flow (ONOMidco)

Data in €million	Quarter ended		
	31-Mar-08	31-Mar-07	% change
EBITDA	165	150	9.9%
Capex	(98)	(119)	(17.6%)
OPERATING FCF	68	32	112.7%
Change in working capital	(42)	(104)	(59.5%)
Other ⁽¹⁾	(21)	(22)	(1.6%)
FCF (pre-interest)	4	(94)	(104.2%)
Paid interest, net	(99)	(7)	na
FCF	(95)	(101)	(5.8%)
Senior facility	157	81	94.3%
State subsidies	4	(2)	na
Short term debt	7	24	(70.8%)
Short term investments	(4)	0	na
Other financing items	0	(1)	(132.0%)
Deferred Auna acquisition payment	(71)	-	na
FINANCING	93	102	(9.0%)
NET CASH VARIATION	(2)	1	na
Cash Beginning of Period	4	7	(44.1%)
Cash End of Period	2	8	(81.0%)

⁽¹⁾ Includes integration costs, commitment & contingencies and other one off items

In this section, we are reporting the first quarter of 2008 condensed consolidated financial statements of ONOMidco, S.A.U. and its subsidiaries. For a detailed analysis of the trends followed in the periods indicated, please see information on GCO in section 3 of this document.

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5. CABLEUROPA

5.1 Condensed Consolidated Financial Statements

Table 39: Condensed Consolidated Balance Sheet (Cableuropa)

Data in €million

	31-Mar-08	31-Dec-07
ASSETS		
Current assets		
Cash	2	4
Short-term investments, net	14	14
Accounts receivable and other	238	220
Total current assets	254	238
Fixed assets		
Start-up costs, net	22	20
Intangible assets, net	131	135
Tangible assets, net	4,530	4,518
Financial assets, net	1,279	1,283
Total fixed assets	5,962	5,956
Deferred expenses, net	42	43
TOTAL ASSETS	6,258	6,237
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short term debt	181	173
Accrued interest expenses	35	78
Accounts payable and other	960	915
Total current liabilities	1,176	1,166
Long term debt		
Senior facility	3,082	2,925
Subordinated facilities	10	10
Senior subordinated notes	450	450
Other	56	53
Total long term debt	3,598	3,438
Other long term liabilities	34	177
Deferred income	116	116
Commitments and contingencies	294	310
Minority interests	6	6
Participative loan	955	955
Shareholder's equity		
Common stock	263	263
Share premium	1,637	1,637
Accumulated deficit	(1,830)	(1,624)
Net profit/(loss) for the period	9	(206)
Total shareholder's equity	79	70
TOTAL LIABILITIES AND SHR'S EQUITY	6,258	6,237

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Table 40: Condensed Consolidated Statement of Operations (Cableuropa)

	Quarter ended		
	31-Mar-08	31-Mar-07	% change
<i>Data in €million</i>			
Revenues	400	402	(0.4%)
Cost of services	(100)	(117)	(14.8%)
Opex	(135)	(134)	0.7%
EBITDA	165	150	9.8%
Deprec. and amortiz.	(91)	(104)	(12.5%)
EBIT/Oper. profit	74	46	60.3%
Net financial expense	(61)	(53)	15.8%
Net extraordinary income/(expense)	1	0	na
EBT	13	(7)	na
Income tax credit	(4)	(4)	13.1%
Profit/(loss) before minority interests	9	(10)	na
Minority interests	(0)	(0)	106.6%
Net result	9	(11)	na

Table 41: Condensed Consolidated Cash Flow (Cableuropa)

	Quarter ended		
	31-Mar-08	31-Mar-07	% change
<i>Data in €million</i>			
EBITDA	165	150	9.8%
Capex	(98)	(119)	(17.6%)
OPERATING FCF	67	32	112.2%
Change in working capital	(42)	(104)	(59.6%)
Other ⁽¹⁾	(21)	(22)	(1.6%)
FCF (pre-interest)	4	(94)	(104.2%)
Paid interest, net	(99)	(7)	na
FCF	(95)	(101)	(5.8%)
Senior facility	157	81	94.3%
State subsidies	4	(2)	na
Short term debt	7	24	(70.8%)
Short term investments	(4)	0	na
Other financing items	0	(1)	(132.0%)
Deferred Auna acquisition payment	(71)	-	na
FINANCING	93	102	(9.0%)
NET CASH VARIATION	(2)	1	na
Cash Beginning of Period	4	7	(41.1%)
Cash End of Period	2	8	(80.1%)

⁽¹⁾ Includes integration costs, commitment & contingencies and other one-off items

5.2 Debt and Liquidity

Table 42: Debt and liquidity (Cableuropa)

As of 31 March 2008

Data in €million

	Maximum available	Short term debt	Long term debt	Total debt	Availability
Type of debt					
Debt with credit entities:					
Senior facility	3,500	-	3,082	3,082	418
Participative loan	10	-	10	10	-
Other credit facilities	184	165	7	172	12
Total debt with credit entities	3,694	165	3,099	3,264	430
Other debt:					
Senior subordinated notes	450	-	450	450	-
State subsidies and other	65	16	49	65	-
Total other debt	515	16	499	515	-
Total debt	4,209	181	3,598	3,779	430
Cash and cash equivalents				2	
Total net debt				3,778	
EBITDA LQA				661	
Total net debt/EBITDA				5.71x	

Note: To avoid any double counting, the caption Senior Facility excludes bank guarantees drawn under Tranche S to counter guarantee debt reported under the caption "State subsidies and other".

Table 43: Debt by maturity

As of 31 March 2008

Data in €million

	Maturity						Total
	2008	2009	2010	2011	2012	Thereafter	
Type of debt							
Debt with credit entities:							
Senior facility	-	33	380	545	893	1,232	3,082
Participative loan	-	-	-	-	-	10	10
Other credit facilities	49	118	2	1	1	1	172
Total debt with credit entities	49	151	381	546	893	1,243	3,264
Other debt:							
Senior subordinated notes	-	-	-	-	-	450	450
State subsidies and other	16	15	13	10	8	3	65
Total other debt	16	15	13	10	8	453	515
Total	64	166	394	557	902	1,696	3,779

In this section, we are reporting the first quarter of 2008 condensed consolidated financial statements of Cableuropa, S.A.U. and its subsidiaries. For a detailed analysis of the trends followed in the periods indicated, please see information on GCO in section 3 of this document.

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6. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

6.1 Quantitative and Qualitative Disclosure about Market Risk

Market risk represents the risk of changes in the value of financial instruments, derivative or non-derivative, caused by fluctuations in interest rates.

It is our treasury policy to monitor and manage exposure to variable interest rate risk by managing the amount of our outstanding variable interest bearing debt. In order to reduce such interest rate risk, and as market conditions warrant, we may vary our position on interest rate hedging transactions and may purchase or trade the Notes or other financial debt from time to time in privately negotiated or open market transactions using funds available to us.

6.2 Interest Rate Sensitivity

Borrowings under our €3,600 million Senior Bank Facility (other than those relating to Bank Guarantees) bear interest at a floating rate determined by reference to EURIBOR plus a margin, which currently ranges from 1.75% to 2.25% depending on the tranche. In addition, our other outstanding debt with credit entities, usually bear interest at EURIBOR plus a margin

In addition, borrowings under our €10 million Participative Loan bear interest at a floating rate determined by reference to EURIBOR plus a margin, which currently is 2.75%, and finally matures in May 2014.

Accordingly, as at 31 March 2008 we had long term variable interest rate debt outstanding of €3,092 million and exposure to risk due to fluctuations of interest rates.

We have contracted a series of swaps to lock into low levels of EURIBOR. To date, we have covered €2,565 million (83% of the total drawn amount under the aforementioned facilities), hedging our exposure up to July 2010 for €2,065 million and up to January 2011 for €500 million.

Moreover, in January 2008 we executed a basis swap on €2,382 million up to January 2009.

The table below shows our variable interest long-term debt main agreements as of 31 March 2008:

Table 44: Variable interest long term debt

Data in €million	Expected maturity date						Total
	2008	2009	2010	2011	2012	Thereafter	
Senior Bank Facility (Euribor + 1.75%-2.25%)	-	33	380	545	893	1,232	3,082
Participative Loan (Euribor + 2.75%)	-	-	-	-	-	10	10
Total	-	33	380	545	893	1,242	3,092

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7. DISCLAIMER

The Projections, defined as all data in this release, and comments with regards to 2008, contain forward-looking statements (any statement other than those made solely with respect to historical facts) based upon management's beliefs, as well as assumptions made by and data currently available to management. This information has been, or in the future may be, included in reliance on the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on a variety of assumptions that may not be realized and are subject to significant business, economic, judicial and competitive risks and uncertainties, including those set forth above, many of which are beyond ONO's ("the Company") control. The Company's actual operations, financial condition, cash flows or operating results may differ materially from those expressed or implied by any such forward-looking statements and the Company undertakes no obligation to update or revise any such forward-looking statements.

The Projections set forth above are based on certain estimates with respect to the Company's liquidity, capital resources and results of operations for the full year 2008 and are subject to a number of risks and uncertainties including, but not limited to, the following: the ability of the Company to continue as a going concern; the ability of the Company and its subsidiaries to operate pursuant to the terms of their existing credit facilities and arrangements; the ability to fund, develop and execute the Company's business plan; competitive pressures from other companies in the same or similar lines of business as the Company; trends in the economy as a whole which may affect subscriber confidence and demand for the goods and services supplied by the Company; the ability of the Company to predict consumer demand as a whole, as well as demand for specific goods and services; the acceptance and continued use by subscribers and potential subscribers of the Company's services; changes in technology and competition; the Company's ability to achieve expected operational efficiencies and economies of scale and its ability to generate expected revenue and achieve assumed margins; the ability of the Company to attract, retain and compensate key executives and other personnel; the ability of the Company to maintain existing arrangements and / or enter into new arrangements with third party providers and contract partners; potential adverse publicity; as well as other factors detailed from time to time in the Company's public reports. Given these and other uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements contained in the Projections.

The financial information contained in this document has been prepared under Spanish GAAP. This financial information is unaudited and, therefore, is subject to potential future modifications.

Additionally, on 16 November 2007 the Spanish Government issued a new Spanish GAAP Royal Decree. The new standards take effect from January 1, 2008. We are currently assessing the impact of these new accounting standards on our records and will report under these new standards in due course.



FURTHER INFORMATION

Investor Relations

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